



## **Stand-in Costs**

Stand-in costs are non-Federal costs that may be substituted for disallowed grant costs. In other words, stand-in costs are costs paid from non-Federal resources that substitute for Federal costs that have been disallowed as a result of an audit or other review. Stand-in costs may be substituted for disallowed costs when they meet the following criteria:

1. The costs must be allowable costs that were actually incurred for the benefit of Federally-funded program but paid from a non-Federal fund source.
2. The costs shall have been actually incurred allowable grant costs reported to the DWD as uncharged program costs under the same grant and in the same program year in which the disallowed costs were incurred.
3. The costs shall have been incurred in compliance with applicable regulations, laws, and the terms and conditions governing DWD-funded program.
4. The costs shall have been included within the scope of Subrecipients' single audit, and accounted for in Subrecipients' financial system.
5. The costs must not violate any administrative or other cost limitations.
6. The costs must be adequately documented in the same manner as all other DWD-funded program costs. Specifically, stand-in costs must have been reported on the Quarterly Program Income/Stand-in Report.
7. The disallowed cost(s) must occur under the same program that the stand-in costs were reported under.

Inasmuch as costs must be net-of-credits under the governing cost principles, the dollar value of discounts cannot be considered as an allowable grant cost. It must also be noted that the dollar value of in-kind donations cannot be recognized as stand-in costs. In-kind contributions are not considered unpaid DWD program liabilities, but rather as in-kind match; therefore, they cannot be used as stand-in costs because they cannot be charged to the Federal grant. Examples of other costs that are not stand-in costs may include:

- a. Uncompensated overtime;
- b. Unbilled premises costs associated with fully depreciated publicly owned buildings;



For additional information about Missouri Division of Workforce Development services, contact a Missouri Job Center near you. Locations and additional information are available at [jobs.mo.gov](http://jobs.mo.gov) or 1-888-728-JOBS (5627).



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- c. Allocated costs derived from an improper allocation methodology;
- d. Discounts, refunds, rebates;
- e. Any State share of the cost of State or community college tuition.

Stand-in costs cannot be created using circumstances or conditions that appear to be legitimate liabilities if no actual costs are incurred. The DWD will also not consider any proposal to substitute disallowed costs with stand-in costs if the disallowed costs result from fraud.

Before utilizing stand-in costs to substitute disallowed costs, Subrecipients must notify the DWD by contacting Nancy Able at (573) 751-2085. Substituted stand-in costs must be subtracted from the accumulated stand-in costs on the immediately following Quarterly Report.



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